

Appendix C

U.S. Appropriated Funds

Public Law 108-106 (P.L. 108-106), as amended, requires the Special Inspector General for Iraq Reconstruction (SIGIR) to report on the oversight and accounting of the obligation and expenditure of funds used for Iraq reconstruction. This appendix provides an accounting of U.S. appropriated funds under these laws:

- P.L. 108-11, April 16, 2003
- P.L. 108-106, November 6, 2003
- P.L. 108-287, August 5, 2004
- P.L. 109-13, May 11, 2005

U.S. Appropriated Funds under Public Law 108-11

In April 2003, the Congress passed P.L. 108-11 to:

- fund the war in Iraq and to appropriate money to begin the relief and reconstruction effort
- establish the Natural Resources Risk Remediation Fund (NRRRF) “for expenses necessary, in and around Iraq, to address emergency fire fighting, repair of damage to oil facilities and related infrastructure...”
- create the Iraq Freedom Fund (IFF) “for additional expenses for ongoing military operations in Iraq...for stability operations...and for other costs...”

The IFF provided Coalition Provisional Authority (CPA) operating expenses, and \$300 million was transferred to the NRRRF. The act also funded additional relief and reconstruction activities by the Department of State (DoS) (\$66 million) and U.S. Agency for International Development (USAID) (\$412 million); funds were available for obligation through September 30, 2004.

P.L. 108-11 funded the daily operations of the CPA until P.L. 108-106 was passed in November 2003. Although the CPA ceased operations on June 28, 2004, contractual payment of obligations resulting from contracts awarded by the CPA during its tenure are still being fulfilled. Most of the funds (55%) allocated in P.L. 108-11 were used for the rehabilitation of Iraqi infrastructure—primarily oil production and electricity generation. Other major uses include humanitarian relief, governance initiatives, and health and social services.

Table C-1 provides the status of P.L. 108-11 funds by agency.

Status of Supplemental Appropriation, P.L. 108-11, as of June 30, 2005 (in millions)				
Source	Agency	Apportioned	Obligated	Expended
NRRRF	DoD	\$802.0	\$800.6	\$685.7
IRRF 1	USAID	1,816.9	1,816.9	1,606.0
	DoD IRRF1	518.3	517.8	490.1
	DoS	125.4	125.4	114.7
	Treasury	6.0	6.0	4.7
	U.S. Trade & Development Agency	5.0	5.0	1.7
	<i>Subtotal</i>	<i>2,471.6</i>	<i>2,471.1</i>	<i>2,217.2</i>
Non-IRRF P.L. 108-11	USAID	412.2	409.8	386.3
	DoS	66.0	66.0	60.4
	<i>Subtotal</i>	<i>478.2</i>	<i>475.8</i>	<i>446.7</i>
IFF	CPA-OPS ^a	593.4	568.2	507.6
	New Iraqi Army	51.2	51.2	49.8
	<i>Subtotal</i>	<i>644.6</i>	<i>619.4</i>	<i>557.4</i>
Total		\$4,396.3	\$4,366.9	\$3,906.8
Note: Data not formally reviewed or audited.				
^a Current as of April 30, 2005.				

Table C-1

Tables C-2 and C-3 provide the status of P.L. 108-11 funds by program and by objective.

Status of P.L. 108-11 IRRF1 Funds by Program and by USAID Strategic Objectives, as of June 30, 2005 (in millions)				
Agency	Program Name	Apportioned	Obligated	Expended
IRRF1 Funds				
USAID	Restore Critical Infrastructure	\$1,124.4	\$1,124.4	\$968.4
	Improve Efficiency & Accountability of Government	174.7	174.7	174.7
	Food Aid: Office of Food for Peace	160.0	160.0	122.8
	Support Education Health and Social Services	118.5	118.5	110.9
	Relief: Office of Foreign Disaster Assistance	70.6	70.6	64.4
	Office of Transition Initiatives	69.9	69.9	68.3
	Expand Economic Opportunity	65.9	65.9	64.6
	Program Support & Development of Gulf Region	18.0	18.0	17.9
	Administrative Expenses	15.0	15.0	14.0
	<i>Subtotal</i>	<i>1,816.9</i>	<i>1,816.9</i>	<i>1,606.0</i>
DoD	Restore Iraq Electricity (RIE)	300.0	300.0	299.5
	Restore Iraq Oil (RIO)	166.0	166.0	161.0
	First Responder Network/DIILS	52.3	51.8	29.5
	<i>Subtotal</i>	<i>518.3</i>	<i>517.8</i>	<i>490.1</i>
DoS	Police/Prison Programs	61.5	61.5	55.5
	Relief Efforts	27.0	27.0	26.6
	Law Enforcement	24.6	24.6	20.4
	Humanitarian Demining	12.3	12.3	12.3
	<i>Subtotal</i>	<i>125.4</i>	<i>125.4</i>	<i>114.8</i>
Treasury	Technical Assistance	6.0	6.0	4.7
	<i>Subtotal</i>	<i>6.0</i>	<i>6.0</i>	<i>4.7</i>
U.S. Trade and Dev. Agency	Technical Assistance, Training	5.0	5.0	1.7
	<i>Subtotal</i>	<i>5.0</i>	<i>5.0</i>	<i>1.7</i>
Total IRRF1 Funds		\$2471.6	\$2471.1	\$2217.3
Note: Data not formally reviewed or audited. Numbers affected by rounding.				

Table C-2

Status of P.L. 108-11 NRRRF and Non-IRRF1 Funds by Program and by USAID Strategic Objectives, as of June 30, 2005 (in millions)				
Agency	Program Name	Apportioned	Obligated	Expended
NRRRF Funds				
DoD	Restore Iraqi Oil (RIO)	\$802.0	\$800.6	\$685.7
Total NRRRF Funds		802.0	800.6	685.7
Non-IRRF1 Funds				
USAID	Food Aid: Office of Food for Peace	138.2	136.8	114.1
	USDA ^a	106.8	106.8	106.8
	Restore Critical Infrastructure	51.6	51.6	51.6
	Support Education Health and Social Services	34.0	34.0	34.0
	Relief: Office of Foreign Disaster Assistance	33.4	32.5	31.9
	Operating Expenses	23.7	23.7	23.4
	Program Support & Development of Gulf Region	10.6	10.6	10.6
	Improve Efficiency & Accountability of Government	8.9	8.9	8.9
	Expand Economic Opportunity	5.0	5.0	5.0
		<i>Subtotal</i>	<i>412.2</i>	<i>409.9</i>
DoS	Coalition Support	66.0	66.0	60.4
	<i>Subtotal</i>	<i>66.0</i>	<i>66.0</i>	<i>60.4</i>
Total Non-IRRF1 Funds		\$478.2	\$475.9	446.7
Note: Data not formally reviewed or audited. Numbers affected by rounding.				
^a Funds appropriated to the U.S. Department of Agriculture, then transferred to the USAID				

Table C-3

Commanders' Assistance Programs

Military assistance programs continue to play a vital role in the reconstruction of Iraq. In a secure environment, area commanders can develop the necessary relationships with Iraqi civic leaders to initiate crucial projects. Initially funded with Iraqi assets [seized assets and Development Fund for Iraq (DFI) funds], the Commanders' Emergency Response Program (CERP) received its first U.S. appropriated funds in November 2003, with the passage of P.L. 108-106. The Commanders' Humanitarian Relief and Reconstruction Program (CHRRP) is a similar program that uses IRRF funds. In addition, the Iraqi Interim Government (IIG) funded a CERP-equivalent program.

Commanders' Emergency Response Program

The CERP is a program that coalition military commanders can use to direct money to meet humanitarian, relief, and reconstruction needs quickly in their geographic areas of responsibility. Specifically exempt from the Federal Acquisition Regulation (FAR), CERP projects are relatively small—less than \$500,000—and meet these kinds of needs:

- repairing and refurbishing water and sewer lines
- cleaning up highways by removing waste and debris
- transporting water to remote villages
- purchasing equipment for local police stations
- upgrading schools and clinics
- purchasing school supplies
- removing ordnance from public places (including schools)
- refurbishing playgrounds, youth centers, libraries, other recreational facilities, and mosques

The Iraqi CERP program received \$140 million in U.S. FY 2004 funds and, as of April 2005, has received \$368 million from FY 2005 money (P.L. 108-287). CERP projects are typically used for projects that are:

- small-scale
- low-dollar
- short-term
- employment-oriented
- emergency
- high-visibility repairing and refurbishing water and sewer lines

For a summary of CERP expenditures, see Table C-4.

Iraq CERP Program Totals FY 2004-2005, as of April 1, 2005^a (in millions)			
	Total Program Funding	Cumulative Funds Obligated	Cumulative Funds Disbursed
Seized Assets	\$177.65	\$177.28	\$176.25
U.S. Appropriated P.L. 108-106 (FY 2004)	140.00	139.84	124.17
U.S. Appropriated P.L. 108-287 (FY 2005)	368.00	229.78	89.84
DFI	369.47	360.29	350.43
Total	\$1,055.12	\$907.19	\$740.68
Note: Data not formally reviewed or audited. Numbers affected by rounding.			
^a No updates available from MNC-I.			

Table C-4

Table C-5 provides a profile of selected CERP projects funded by U.S. appropriations and a small segment of those funded by the DFI.

Selected CERP Projects by Type, as of April 1, 2005^a			
Project Type	Project Total	Completed Projects	Estimated Funds
Agriculture and Irrigation	226	178	\$22,333,258
Civil Infrastructure Activities	753	577	35,572,422
Economic, Financial, Management	251	178	16,373,744
Education	1157	872	56,410,294
Electricity	276	686	34,116,470
Health Care	416	272	27,926,758
Law and Governance	1352	1151	70,014,868
Oil	24	5	6,813,114
Other Humanitarian or Reconstruction	1157	928	46,226,124
Telecom	49	27	5,464,732
Transportation	506	290	59,346,451
Water and Sanitation	1012	683	195,313,461
Total	7,179	5,847	\$575,911,696
Note: Data not formally reviewed or audited.			
^a No updates available from MNC-I.			

Table C-5

Commanders Humanitarian Relief and Reconstruction Program and Iraqi Reconstruction Assistance Program

In response to an Iraqi demand to match IIG grants for the CERP program, a separate program, the CHRRP was created. The CHRRP was funded out of IRRF2 money, which requires adherence to the FAR. The IIG [now the Iraqi Transitional Government (ITG)] initially funded the program for \$86 million in response to a U.S. request; this was increased by an additional \$50 million on December 30, 2004. The U.S. matching CHRRP fund was initially set at \$86 million; however, this was adjusted to \$84 million in February 2005. ITG projects must be selected from a project list approved by the ITG and the Multi-National Force-Iraq (MNF-I). For a summary of CHRRP and ITG data, as of June 30, 2005, see Table C-6.

CHRRP and ITG Funds, as of June 30, 2005 (in millions)			
	Total Program Funding	Cumulative Funds Obligated	Cumulative Funds Disbursed
CHRRP Projects ^a	\$84.00	\$77.78	\$22.77
ITG Projects ^b	136.00	92.88	44.70
Total	\$220.00	\$170.66	\$67.48
<p>Note: Data not formally reviewed or audited. Numbers affected by rounding. ^aCHRRP data from June 30, 2005 PCO Weekly report. ^bUpdated figures for Iraqi controlled ITG not available, latest figure date is April 1, 2005</p>			

Table C-6

In the July *Section 2207 Report*, the DoS reports that the U.S. government made \$241 million available for coordination with the Provincial Reconstruction Development Committees for these programs:

- \$80 million in military Commander's Emergency Response Programs (CERP) funds
- \$161 million in USAID-administered Community Action Program (CAP) and USAID Local Governance Program (LGP) funds

IRRF2 Funds under P.L. 108-106

On November 6, 2003, P.L. 108-106 provided \$18.4 billion (IRRF2) in additional funds to address the extensive Iraqi reconstruction requirements identified over the summer and fall of 2003. The act mandates specific sector aid funding totals, with limitations on the transfer of funds between sectors without congressional notification or, in the case of larger modifications, without congressional approval. The act also restricts apportioned funds to five departments or agencies: the Department of Defense (DoD), Department of State (DoS), U.S. Agency for International Development (USAID), Department of the Treasury (Treasury), and Department of Health and Human Services (HHS).

As of July 6, 2005, these were the IRRF2 totals:

- \$17.66 billion (95.76%) had been apportioned.
- \$16.66 billion (90.37%) had been committed.
- \$13.80 billion (74.86%) had been obligated.
- \$6.48 billion (35.14%) had been expended.

Figure C-1 shows the current totals for the IRRF2.

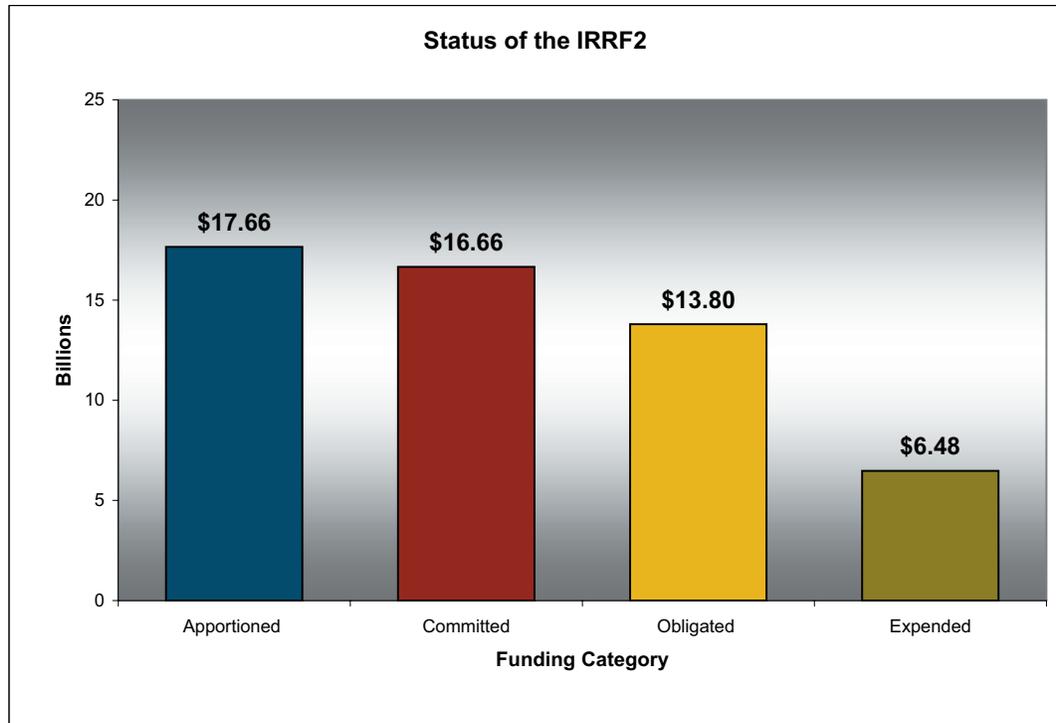


Figure C-1

Slightly more than \$10 billion (56.5%) of the funds have been apportioned to construction projects and \$6 billion (34.39%) have been apportioned to non-construction projects.

The Office of Management and Budget (OMB) apportioned these IRRF2 funds:

- DoD, \$12.98 billion (70.39% of the \$18.439 billion total)
- USAID, \$3.10 billion (16.81%)
- DoS, \$1.20 billion (6.51%)
- Treasury, \$390 million (2.12%) (including \$352.7 million in Iraqi debt relief)
- United States Institute of Peace (USIP), \$10 million (.05%)

Figure C-2 shows how the OMB apportioned IRRF2 funds.

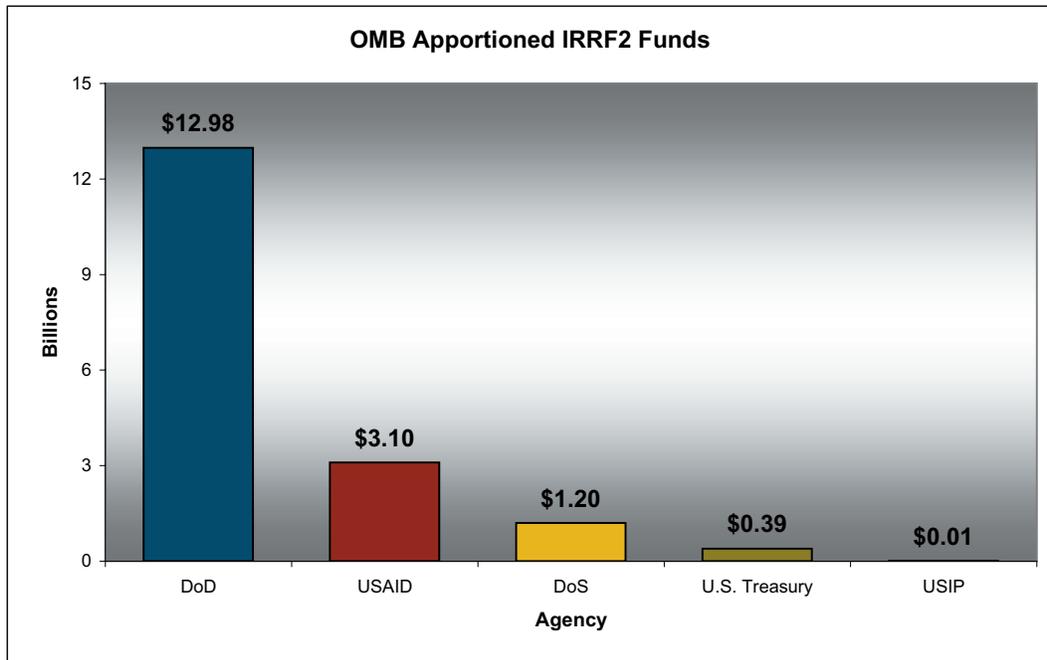


Figure C-2

The current funding status for the IRRF2, with corresponding commitments, obligations, and expenditures is outlined in Table C-7.

Appendix D details IRRF2 apportionments by agency.

IRRF2 Program Status^a, as of July 6, 2005 (in millions)					
Sector	2207 Report Spending Plan	Apportioned	Committed	Obligated	Expended
Security & Law Enforcement	\$5,035.6	\$5,035.6	\$4,907.8	\$4,476.4	\$2,853.6
Electric Sector	4,308.2	4,057.6	3,687.1	2,702.5	1,257.6
Water Resources and Sanitation	2,156.7	1,829.2	1,753.7	1,366.5	216.4
Justice, Public Safety, and Civil Society	2,129.5	2,129.5	2,001.6	1,821.4	828.4
Oil Infrastructure	1,723.0	1,723.0	1,599.8	1,126.8	360.6
Private Sector Employment Development	860.3	840.3	834.3	817.5	475.3
Health Care	786.0	786.0	716.7	570.1	128.0
Transportation and Telecommunications Projects	509.0	508.5	480.1	379.6	113.1
Education, Refugees, Human Rights, and Governance	363.0	363.0	324.2	303.8	111.2
Roads, Bridges, and Construction	355.2	355.2	329.9	209.6	106.6
Administrative Expense ^b	213.0	29.0	29.0	29.0	29.0
Total by Sector	\$18,439.5	\$17,656.9	\$16,664.2	\$13,803.2	\$6,479.8
Construction		10,409.9	9,746.5	7,591.2	2,907.5
Non-construction		6,341.7	6,032.8	5,361.7	3,112.7
Democracy		905.3	884.9	850.3	459.6
Total by Program^c	\$18,439.5	\$17,656.9	\$16,664.2	\$13,803.2	\$6,479.8
Note: Data not formally reviewed or audited.					
^a Figures from DoS Iraq Weekly Update, July 6, 2005.					
^b Includes additional \$184M apportioned via 632(a) to DoS D&CP account on June 13, 2005, for follow-on to CPA operating costs, per FY 2004 supplemental language (See Table C-7.) The OMB indicated that this is accounting adjustment will be carried across all columns.					
^c July 5, 2005 OMB Reapportionment changes not included in DoS figures.					

Table C-7

IRRF Funding Changes

Since September 2004, a number of major reallocation efforts have occurred. On September 30, 2004, the first major reallocation shifted \$1.94 billion from the water and sanitation sector and \$1.07 billion from the electricity sector to the security sector (\$1.8 billion), the justice sector (\$461 million), the education sector (\$80 million), and the private employment development sector (\$660 million). An additional \$450 million was reallocated entirely within the oil sector.

In December 2004, an additional \$457 million was reallocated to meet emerging needs in the electrical sector (\$211 million) and to provide post-battle damage reconstruction and rehabilitation in Sadr City, Najaf, Samarra, and Fallujah (\$246 million). In March 2005, an additional \$832 million was reallocated for management initiatives. The management initiatives include money for operations and maintenance programs at various power and water plants, urgent work in the electrical and oil sectors, and cost growth incurred by design-build contractors. The DoS July 2005 *Section 2207 Report* reallocates \$255 million for Provincial Reconstruction Development Committees, security forces, and election support.

Table C-8 outlines the major efforts to reallocate IRRF2 funds.

Major IRRF Funding Changes, as of July 5, 2005 (in millions)		
Date	Amount	Sectors
September 2004	\$3,460	Water and electricity sectors reduced. Security, justice, education, private development increased. Oil sector reallocated.
December 2004	457	Electrical sector reprogrammed internally. Battle damage to Fallujah, Sadr City, Najaf, and Samarra
March 2005	832	Job creation, operations and maintenance (O&M) for water and power, electricity and oil, cost growth by contractors.
July 2005	255	Reallocate funds to create Provincial Reconstruction Development Committees, train security forces, and support elections.
Total	\$5,004	
Note: Data not formally reviewed or audited.		

Table C-8

Operating Expenses

Under P.L. 108-106, as amended, the SIGIR is required to report information on the operating expenses funded by the IRRF for U.S. government agencies or departments involved with the reconstruction of Iraq. **Table C-9** provides the status of operating funds derived from the IRRF for each agency with a footprint of operational activities in Iraq. IRRF funds can be apportioned only

to the DoD, DoS, Treasury, USAID, and HHS; therefore, any organization listed outside those departments receives funds through one of those five organizations. This table does not include mission-direct operating expenses. Since the establishment of the U.S. Mission-Iraq and the transfer of governance authority on June 28, 2004, various groups involved with Iraq reconstruction have received support from the budget of the U.S. Mission-Iraq. This support is outside of the SIGIR's IRRF reporting requirements.

Agency-specific IRRF-funded Operating Expenses, as of June 30, 2005 (in millions)						
Agency	FY 2005 Allocated	FY 2005 Obligated	FY 2005 Expended	FY 2004 Allocated	FY 2004 Obligated	FY 2004 Expended
Department of Defense ^a	\$10.235	\$10.235	\$98.362	\$150.54	\$150.54	\$52.617
USACE	\$0.043	\$0.040	\$0.432 ^b	\$12.58	\$9.33	\$6.41
Dept. of Treasury	\$0	\$0	\$0	\$0.78	\$0.00	\$0.20
Dept. of Homeland Security	\$2.950	\$2.483	\$2.483	-	-	-
Dept. of Justice ^c	\$0	\$48.584	\$9.101	\$146.037	\$76.426	\$44.985
Dept. of State ^d	NA	\$3.528	\$1.579	NA	\$2.826	\$2.290
Dept. of Health and Human Services	\$0	\$0	\$0	\$0	\$0	\$0
Dept. of Transportation	\$0	\$0	\$0	\$0	\$0	\$0
Dept. of Commerce	\$0	\$0	\$0	\$0	\$0	\$0
Dept. of Labor	\$0	\$0	\$0	\$0	\$0	\$0
Dept. of Agriculture	\$0	\$0	\$0	\$0	\$0	\$0
	<i>IRRF2</i>	<i>IRRF2</i>	<i>IRRF2</i>	<i>IRRF1</i>	<i>IRRF1</i>	<i>IRRF1</i>
	<i>Allocated</i>	<i>Obligated</i>	<i>Expended</i>	<i>Allocated</i>	<i>Obligated</i>	<i>Expended</i>
USAID ^e	\$153.00	\$129.03	\$77.51	\$38.67	\$38.65	\$36.86
<p>Note: This is the exact data as it was received by the SIGIR and has not been formally reviewed, verified, or audited. These operating expenses do not include mission-direct operating expenses.</p> <p>^aDoD FY 2005 operating expense is a building rehab and will be re-classified as a reconstruction asset by 2007.</p> <p>^bFY 2005 expenditures include funds disbursed from FY 2004 obligated.</p> <p>^cDoJ reported its no-year monies in the FY 2004 columns.</p> <p>^dFigures provided for DoS INL only. Allocated figures not available.</p> <p>^eUSAID reported information by fund type.</p>						

Table C-9

Since its inception as the Coalition Provisional Authority Inspector General

(CPA-IG), the SIGIR has tracked the operational expenses of the CPA. CPA daily operations from April to November 6, 2003, were initially supported by the Iraq Freedom Fund (IFF), which was created by P.L. 108-11 in April 2003. As of February 28, 2005, \$573.3 million have been allocated, \$568.2 million have been obligated, and \$507.6 million have been disbursed. From November 6, 2003, to June 28, 2004, CPA operations were funded from P.L. 108-106.

As the U.S. Mission-Iraq became operational and the Iraq Reconstruction Management Office (IRMO) assumed the duties of the CPA, \$105.75 million were transferred from the CPA's P.L. 108-106 appropriation to the DoS to fund these operations. The status of these transferred funds is included in Table C-10, which is an update of the status of those funds as of June 30, 2005. The Congress also authorized the funding of CPA-IG operations (now the SIGIR) with \$75 million from the 2004 Defense-wide operations and maintenance (O&M) appropriations.

Status of Supplemental Iraq Reconstruction Funding, P.L. 108-106, as of July 6, 2005 (in millions)					
Source	Appropriated	Apportioned	Committed	Obligated	Expended
IRRF2 ^a	\$18,439.5	\$17,656.9	\$16,664.2	\$13,803.2	\$6,479.8
CPA-OPS	768.8	768.8	768.8	767.6	694.8
IRMO ^b	129.5	129.5	105.6	105.6	90.4
SIGIR	75.0	75.0	75.0	29.6	20.2
Total	\$19,412.8	\$18,630.2	\$17,613.6	\$14,706.0	\$7,285.2
Note: Data not formally reviewed or audited.					
^a Includes \$23.8 million apportionment for reporting purposes					
^b Figures from DoS Iraq Weekly Update, other figures from 7/6/05, others from 6/30/05 close of quarter					

Table C-10

Other U.S. Appropriated Funds

On May 11, 2005, P.L. 109-13 appropriated \$5.7 billion for the "Iraq Security Forces Fund" to provide funding for equipment, supplies, services, training, facility and infrastructure repair, renovation, and construction.

Sources and Uses of Funding for Iraq Relief and Reconstruction Data Clarification

The SIGIR compiled data on the sources, uses, and status of Iraq reconstruction funds from the OMB, DFAS, U.S. Army, DoS, USAID, Treasury, U.S. Trade and Development Agency, IMF, and World Bank. The SIGIR analyzed the data for reasonableness and consistency across sources of data. The SIGIR did not review or audit the processes, controls, or systems in place at the providing agency or organization. The SIGIR accepted the validity of

the data provided and believes that the presentation of Sources and Uses of Funds in this Report is a reasonable compilation of the status of Iraq relief and reconstruction funding through June 30, 2005 (unless an alternative date is noted).

